

Message Text

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TO AMEMBASSY BONN IMMEDIATE
INFO AMCONSUL STUTTGART PRIORITY
CINCUSAREUR HEIDELBERG GER PRIORITY

C O N F I D E N T I A L STATE 054254

E.O. 11652: GDS

TAGS: ELAB, PINT, GW, US

SUBJECT: US ARMED FORCES HIRING PRACTICES IN THE FRG

REF: (A) BONN 03108 (B) STUTTGART 287 (C) GAO REPORT "DOD
PAY PRACTICES FOR GERMAN NATIONALS SHOULD BE CHANGED;
DATED DECEMBER 2, 1977 (D) HOUSE REPORT 95-68,
SUPPLEMENTAL APPROPRIATIONS BILL, 1977
(E) 77 STATE 293684

1. THE FOLLOWING INFORMATION ON CURRENT DOD THINKING RE
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ARMED FORCES HIRING PRACTICES IS PROVIDED FOR YOUR
BACKGROUND AS YOU GO INTO MARCH 3 MEETING WITH JUNG AND
WARGIN.

2. NO FEEDBACK HAS BEEN RECEIVED FROM THE CONGRESS CONCERN-
ING THE GAO REPORT (REF C), BUT DOD IN RESPONDING TO THE
COMPTROLLER GENERAL AND THE CONGRESS ON THE REPORT HAS

AGREED TO: (A) EXAMINE IN CONJUNCTION WITH STATE AREAS IN WHICH WE MIGHT APPROACH THE FRG ON LABOR COST SHARING AND (B) EXPLORE METHODS TO INCREASE AMERICAN DEPENDENT HIRES IN THE FRG WHERE LN POSITIONS BECOME VACANT THROUGH ATTRITION AND/OR WHERE NECESSARY TO MAINTAIN MORALE.

3. A STATE/DOD MEETING WAS HELD RECENTLY TO DISCUSS THE POLITICAL RAMIFICATIONS OF THE ABOVE. STATE AND DOD WERE IN FULL AGREEMENT AS TO THE POLITICAL SENSITIVITIES FROM BOTH THE US AND THE FRG POINTS OF VIEW AND ON THE NECESSITY OF AN EMBASSY ASSESSMENT AS TO THE EXTENT THESE MATTERS MIGHT BE PURSUED WITH THE FRG. WE WERE IN THE PROCESS OF PREPARING A CABLE WHEN WE RECEIVED REFS A AND B.

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4. BOTH HOUSE AND SENATE APPROPRIATIONS COMMITTEES HAVE BECOME INCREASINGLY CONCERNED IN RECENT YEARS OVER THE RAPIDLY ESCALATING COSTS OF THE EMPLOYMENT OF FOREIGN NATIONALS BY THE U.S. FORCES, PRINCIPALLY IN JAPAN AND GERMANY. THESE COMMITTEES HAVE BEEN EXERTING CONSIDERABLE PRESSURE ON DOD TO REPLACE THIS HIGH-COST LABOR WITH U.S. CIVILIANS. WHILE DEFENSE HAS POINTED OUT THE POLITICAL SENSITIVITIES OF THIS TO THE CONGRESS, THESE CONGRESSIONAL EXPRESSIONS OF CONCERN CONTINUE.

5. DOD IS CURRENTLY PREPARING A RESPONSE TO THE LATEST CONFIDENTIAL

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SUCH REQUEST CONTAINED IN REF D WHICH ADVISED DOD THAT US FORCES ABROAD SHOULD HAVE COMPLETE FLEXIBILITY TO EMPLOY THE TYPE OF LABOR WHICH THEY BELIEVE TO BE LOWEST IN COST, MOST EFFICIENT, OR NECESSARY FOR THE WELFARE AND MORALE OF THEIR PERSONNEL. THE HOUSE APPROPRIATIONS COMMITTEE HAS INSTRUCTED DOD TO REVIEW ALL COUNTRY-TO-COUNTRY AGREEMENTS AND ATTEMPT TO RENEGOTIATE THOSE WHICH DO NOT PROVIDE THE DEGREE OF FLEXIBILITY DESIRED.

6. AS WE STRESSED IN REF E, THERE ARE NO RPT NO PLANS AFOOT TO LAY OFF GERMAN WORKERS IN ORDER TO HIRE US DEPENDENTS. IN LIGHT OF THE ABOVE, HOWEVER, DOD DOES NOT BELIEVE IT CAN AGREE TO THE ESTABLISHMENT OF A FORMALLY AGREED UPON CEILING ON THE EMPLOYMENT OF US CITIZEN PERSONNEL IN ANY US FORCES JOBS; THE US FORCES IN THE FRG MUST RETAIN THE FLEXIBILITY TO FILL LN JOBS WITH LOCALLY HIRED US DEPENDENTS AS THE POSITIONS BECOME VACANT THROUGH ATTRITION OR PROMOTION OF THE LN INCUMBENT.

7. FYI THE RANGE OF INDIRECT HIRE, APPROPRIATED LN POSITIONS IN THE FRG WHICH CAN BE ECONOMICALLY FILLED BY DIRECT HIRE US DEPENDENTS IS RELATIVELY NARROW AT THE

PRESENT TIME, CONSISTING PRIMARILY OF WHITE COLLAR (SALARIED) POSITIONS AT GRADE 8 OR BELOW. BLUE COLLAR (WAGE EARNERS) AND SALARIED WORKERS CLASSIFIED HIGHER THAN GRADE 8 CAN CURRENTLY BE FILLED MOST ECONOMICALLY THROUGH LN HIRES, ALTHOUGH THIS SITUATION MAY SOON CHANGE IF THE DOLLAR CONTINUES ITS DOWNWARD TREND. WITH REGARD TO TOTAL NUMBERS INVOLVED, THE GAO IDENTIFIED 16,000 POSITIONS IN THE FRG THAT COULD BE FILLED MORE ECONOMICALLY BY DEPENDENTS. THIS OBVIOUSLY DOES NOT MEAN

THAT ALL COULD BE FILLED THROUGH DEPENDENT HIRES; THE SUPPLY OF QUALIFIED DEPENDENTS WHO COULD OR WOULD FILL SUCH POSITIONS IS NOT INEXHAUSTIBLE. WITH REGARD TO FRG CONCERNS ABOUT POSITIONS BEING FILLED BY US CITIZEN
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NON-DEPENDENTS, E.G. RETIRED PERSONS OR TOURISTS, CURRENT DOD HIRING REGULATIONS STATE THAT SCHEDULE A VACANCIES DO NOT HAVE TO BE MADE AVAILABLE TO ALL QUALIFIED US APPLICANTS, ALTHOUGH WE MUST ADMIT AT THE SAME TIME THAT A COURT CASE NOW IN PROCESS COULD AFFECT THIS PROVISION. DEPENDENT HIRES ARE, IN ANY EVENT, USUALLY MORE ECONOMICAL THAN RETIREES OR TOURISTS SINCE THE FORMER ALREADY ENJOY LOGISTIC SUPPORT.

8. EMBASSY SHOULD NOTE THAT DOD BUDGET FOR FY 79 CONTAINS A PROVISION THAT WILL PERMIT MORE ENLISTED PERSONNEL TO TAKE THEIR DEPENDENTS WITH THEM ON ASSIGNMENTS ABROAD. IF ENACTED, THIS WILL SIGNIFICANTLY INCREASE THE NUMBER OF DEPENDENTS OVERSEAS, ESPECIALLY IN THE FRG.
END FYI.

9. AS EMBASSY WILL RECALL, ONE GAO RECOMMENDATION CALLED FOR EXAMINATION OF LABOR COSTS WHICH MIGHT BE SHARED BY THE FRG E.G. BY AN AGREED FIXED DM/DOLLAR EXCHANGE RATE FOR LABOR, SINCE THE MAJOR ELEMENT IN THE RISE IN LABOR COSTS AT US BASES IN THE FRG HAS BEEN THE SLIDE IN THE DOLLAR VALUE. WE REQUEST AN EMBASSY EVALUATION AS TO WHETHER IT WOULD BE FEASIBLE TO BROACH THIS SUBJECT WITH THE FRG. WE ALSO WELCOME EMBASSY COMMENTS ON THE OTHER POINTS DISCUSSED IN THIS MESSAGE. CHRISTOPHER

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